

**House File 2414 - Reprinted**

HOUSE FILE 2414  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HF 2219)

(As Amended and Passed by the House March 3, 2016)

**A BILL FOR**

1 An Act providing for the regulation of transportation network  
2 companies, and including applicability provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1     Section 1. NEW SECTION.   321N.1   Definitions.

2     As used in this chapter, unless the context otherwise  
3 requires:

4     1. "*Digital network*" means an online-enabled application,  
5 software, internet site, or system offered or utilized by a  
6 transportation network company that enables transportation  
7 network company riders to prearrange rides with transportation  
8 network company drivers.

9     2. "*Personal vehicle*" means a motor vehicle that is used by  
10 a transportation network company driver and is owned, leased,  
11 or otherwise authorized for use by the transportation network  
12 company driver. "*Personal vehicle*" does not include a taxicab,  
13 limousine, or other vehicle for hire.

14    3. "*Prearranged ride*" means the provision of transportation  
15 by a transportation network company driver to a transportation  
16 network company rider. A prearranged ride begins when a driver  
17 accepts a ride request from a rider through a digital network  
18 controlled by a transportation network company, continues while  
19 the driver transports the requesting rider, and ends when  
20 the last requesting rider departs from the driver's personal  
21 vehicle. A prearranged ride does not include transportation  
22 provided using a taxicab, limousine, or other vehicle for hire,  
23 or a shared expense carpool or vanpool arrangement.

24    4. "*Transportation network company*" or "*company*" means a  
25 corporation, partnership, sole proprietorship, or other entity  
26 that operates in this state and uses a digital network to  
27 connect transportation network company riders to transportation  
28 network company drivers who provide prearranged rides. A  
29 transportation network company is not deemed to control,  
30 direct, or manage a transportation network company driver that  
31 connects to its digital network, or the driver's personal  
32 vehicle, except as agreed to by the company and the driver  
33 pursuant to a written contract.

34    5. "*Transportation network company driver*" or "*driver*" means  
35 an individual who does all of the following:

1     *a.* Receives connections to potential transportation network  
2 company riders and other related services from a transportation  
3 network company in exchange for payment of a fee to the  
4 transportation network company.

5     *b.* Uses a personal vehicle to offer or provide prearranged  
6 rides to transportation network company riders upon connection  
7 through a digital network controlled by a transportation  
8 network company in return for compensation or payment of a fee.

9     6. *"Transportation network company rider" or "rider"*  
10 means an individual or group of individuals who use a  
11 transportation network company's digital network to connect  
12 with a transportation network company driver to request a  
13 prearranged ride for the individual or group of individuals,  
14 and who receive the prearranged ride in the driver's personal  
15 vehicle between locations chosen by the individual or group of  
16 individuals.

17     Sec. 2. NEW SECTION. 321N.2 **Exclusions — driver**  
18 **requirements.**

19     1. A transportation network company, a transportation  
20 network company driver, or a personal vehicle used to provide a  
21 prearranged ride is not a motor carrier as defined in section  
22 325A.1, private carrier as defined in section 325A.1, charter  
23 carrier as defined in section 325A.12, or common carrier.

24     2. Prior to permitting an individual to act as a  
25 transportation network company driver on a transportation  
26 network company's digital network, the company shall do all of  
27 the following:

28     *a.* Require the individual to submit an application to the  
29 company with the individual's name, address, and age, and with  
30 copies of the individual's driver's license, the registration  
31 for the personal vehicle the individual will use to provide  
32 prearranged rides, proof of financial responsibility covering  
33 the driver in the types and amounts required by section 321N.3,  
34 and any other information required by the company.

35     *b.* Conduct, or instruct a third party to conduct, a local

1 and national criminal background check on the individual and a  
2 search of the national sex offender registry database for the  
3 individual.

4     *c.* Obtain and review a driving history research report on  
5 the individual.

6     3. A transportation network company shall not knowingly  
7 allow an individual to act as a driver on the company's digital  
8 network if any of the following apply:

9     *a.* The individual has been convicted of more than three  
10 moving violations.

11     *b.* The individual has been convicted of violating section  
12 321.218, 321.277, or 321J.21, or section 321A.32, subsection 1,  
13 in the prior three-year period.

14     *c.* The individual has been convicted in the prior seven-year  
15 period of a felony, of violating section 321J.2 or 321J.2A, or  
16 of any crime involving resisting law enforcement, dishonesty,  
17 injury to another person, damage to the property of another  
18 person, or operating a vehicle in a manner that endangers  
19 another person.

20     *d.* The individual is registered on the national sex offender  
21 registry.

22     *e.* The individual is unable to provide any information  
23 required by this section.

24     4. A transportation network company shall adopt and enforce  
25 a zero tolerance policy prohibiting the use of drugs or  
26 alcohol by a transportation network company driver while the  
27 driver is providing a prearranged ride or is logged on to the  
28 company's digital network and available to receive requests  
29 for transportation from potential riders. The policy shall  
30 include provisions providing for the investigation of alleged  
31 violations of the policy and the suspension of drivers under  
32 investigation.

33     5. A transportation network company shall require that a  
34 personal vehicle used to provide prearranged rides shall comply  
35 with all applicable motor vehicle equipment requirements.

1     Sec. 3. NEW SECTION.   321N.3   Financial responsibility.

2     1. A transportation network company driver, or a  
3 transportation network company on the driver's behalf, shall  
4 maintain primary automobile insurance that does all of the  
5 following:

6     a. Recognizes that the driver is a transportation network  
7 company driver or that the driver otherwise uses a motor  
8 vehicle to transport passengers for compensation.

9     b. Covers the driver while the driver is logged on to the  
10 transportation network company's digital network and while the  
11 driver is engaged in a prearranged ride.

12    c. Covers the driver in the amounts set forth in subsections  
13 2 and 3.

14    2. a. While a participating transportation network company  
15 driver is logged on to a transportation network company's  
16 digital network and is available to receive requests for a  
17 prearranged ride, but is not engaged in a prearranged ride,  
18 primary automobile insurance maintained pursuant to paragraph  
19 "c" shall cover the driver in the amount of at least fifty  
20 thousand dollars because of bodily injury to or death of one  
21 person in any one accident, the amount of at least one hundred  
22 thousand dollars because of bodily injury to or death of two  
23 or more persons in any one accident, and the amount of at  
24 least twenty-five thousand dollars because of injury to or  
25 destruction of property of others in any one accident. If  
26 there is a lien on the personal vehicle used by the driver  
27 while the driver is logged on to a company's digital network  
28 and is available to receive requests for a prearranged ride,  
29 primary automobile insurance maintained pursuant to paragraph  
30 "c" shall also include comprehensive physical damage coverage  
31 and collision physical damage coverage.

32    b. The requirements of paragraph "a" shall be in addition to  
33 the automobile insurance requirements set forth in chapter 516A  
34 or any other provision of law.

35    c. The requirements of paragraph "a" may be satisfied by any

1 of the following:

2 (1) Insurance maintained by the transportation network  
3 company driver.

4 (2) Insurance maintained by the transportation network  
5 company.

6 (3) A combination of subparagraphs (1) and (2).

7 3. a. While a transportation network company driver is  
8 engaged in a prearranged ride, primary automobile insurance  
9 maintained pursuant to paragraph "c" shall cover the driver in  
10 the amount of at least one million dollars because of bodily  
11 injury to or death of one or more persons and injury to or  
12 destruction of property of others in any one accident. If  
13 there is a lien on the personal vehicle used by the driver  
14 while the driver is engaged in a prearranged ride, primary  
15 automobile insurance maintained pursuant to paragraph "c"  
16 shall also include comprehensive physical damage coverage and  
17 collision physical damage coverage.

18 b. The requirements of paragraph "a" shall be in addition to  
19 the automobile insurance requirements set forth in chapter 516A  
20 or any other provision of law.

21 c. The requirements of paragraph "a" may be satisfied by any  
22 of the following:

23 (1) Insurance maintained by the transportation network  
24 company driver.

25 (2) Insurance maintained by the transportation network  
26 company.

27 (3) A combination of subparagraphs (1) and (2).

28 4. If insurance maintained by a transportation network  
29 company driver under this chapter lapses or does not provide  
30 coverage in the amounts required by subsections 2 and 3,  
31 insurance maintained by a transportation network company shall  
32 provide coverage in the amounts required by subsections 2 and  
33 3 beginning with the first dollar of a claim, and the company  
34 shall have a duty to defend the claim.

35 5. Coverage under an automobile insurance policy maintained

1 by a transportation network company under this chapter  
2 shall not be dependent on the insurer of a driver's personal  
3 vehicle first denying a claim, nor shall a personal automobile  
4 insurance policy be required to first deny a claim.

5 6. Insurance maintained under this chapter shall be  
6 provided by an insurer governed by chapter 515 or 518, or by  
7 a surplus lines insurer governed by chapter 515I. A surplus  
8 lines insurer that issues a policy pursuant to this section  
9 shall be considered an insurance carrier duly authorized to  
10 transact business in this state for the purposes of chapter  
11 321A.

12 7. Insurance maintained under this chapter shall be deemed  
13 to satisfy the financial responsibility requirements for a  
14 motor vehicle under chapter 321A.

15 8. A transportation network company driver shall carry  
16 proof of financial liability coverage, as required by section  
17 321.20B, in the amounts required by subsections 2 and 3, at  
18 all times during which the driver uses a motor vehicle in  
19 connection with the use of a transportation network company's  
20 digital network. In the event of an accident, the driver  
21 shall provide proof of financial liability coverage to any  
22 directly interested party or insurer, and to any investigating  
23 police officer, upon request and in a format provided for under  
24 section 321.20B. Upon such a request, the driver shall also  
25 disclose to any directly interested party or insurer, and  
26 to any investigating police officer, whether the driver was  
27 logged on to a company's digital network or was providing a  
28 prearranged ride at the time of the accident.

29 **Sec. 4. NEW SECTION. 321N.4 Disclosure requirements.**

30 A transportation network company shall disclose all of the  
31 following information to a transportation network company  
32 driver in writing before the driver may accept a request from a  
33 rider for a prearranged ride on the company's digital network:

34 1. The types, amounts, terms, and limits of automobile  
35 insurance provided by the company to the driver while the

1 driver uses a personal vehicle in connection with the use of  
2 the company's digital network.

3 2. That the driver's own automobile insurance policy,  
4 depending on the policy's terms, may not provide any coverage  
5 while the driver is logged on to the company's digital network  
6 and is available to receive requests for a prearranged ride, or  
7 while the driver is engaged in a prearranged ride.

8 Sec. 5. NEW SECTION. 321N.5 Insurers.

9 1. a. Notwithstanding any other provision of law to the  
10 contrary, an insurer that writes automobile insurance within  
11 this state may exclude any and all coverage afforded to an  
12 insured person under a policy issued to the owner or operator  
13 of a personal vehicle for any injury or loss that occurs while  
14 the insured is logged on to a transportation network company's  
15 digital network or while the insured is providing a prearranged  
16 ride. This right to exclude coverage may apply to any type  
17 of coverage provided for in the insured's policy, including  
18 but not limited to liability coverage for bodily injury and  
19 property damage, personal injury protection coverage, uninsured  
20 and underinsured motorist coverage, medical payments coverage,  
21 comprehensive physical damage coverage, and collision physical  
22 damage coverage.

23 b. This chapter shall not be construed to require an  
24 insurer to provide coverage to an individual while the  
25 individual is logged on to a company's digital network, is  
26 engaged in a prearranged ride, or is otherwise transporting  
27 another individual or group of individuals in a vehicle for  
28 compensation.

29 c. This chapter shall not be construed to preclude an  
30 insurer from providing coverage for a transportation network  
31 company driver's personal vehicle, if the insurer chooses to do  
32 so by contract or endorsement.

33 2. a. An insurer that excludes coverage pursuant to  
34 subsection 1 shall not have a duty to defend or indemnify a  
35 claim expressly excluded from a policy issued by the insurer.

1 This chapter shall not be deemed to invalidate or limit an  
 2 exclusion contained in a policy, including a policy in use or  
 3 approved for use in this state prior to the effective date of  
 4 this Act, that excludes coverage for vehicles used to carry  
 5 individuals or property for compensation or vehicles available  
 6 for hire by the public.

7     *b.* An insurer that defends or indemnifies a claim against an  
 8 insured transportation network company driver that is excluded  
 9 under the terms of the driver's policy shall have a right  
 10 of action for contribution or indemnity against an insurer  
 11 providing automobile insurance to the driver under this chapter  
 12 during the period in which the loss occurred.

13     3. In a claims coverage investigation, any involved  
 14 transportation network company and any insurer providing  
 15 coverage pursuant to this chapter shall cooperate to  
 16 facilitate the exchange of relevant information with parties  
 17 directly involved in the claim, and with any insurer of the  
 18 transportation network company driver, where applicable,  
 19 including but not limited to the precise times during which  
 20 the driver logged on and off of the company's digital network  
 21 in the twelve-hour period immediately preceding and in the  
 22 twelve-hour period immediately following the accident, and  
 23 shall disclose to one another a clear description of any  
 24 relevant automobile insurance provided pursuant to this  
 25 chapter, including any applicable limits and exclusions.

26     Sec. 6. Section 325A.1, subsections 6, 7, and 13, Code 2016,  
 27 are amended to read as follows:

28     6. "*Motor carrier*" means a person defined in subsection  
 29 8, 9, or 10, but does not include a transportation network  
 30 company or a transportation network company driver, as defined  
 31 in section 321N.1.

32     7. "*Motor carrier certificate*" means a certificate issued  
 33 by the department to any person transporting passengers on any  
 34 highway of this state for hire, other than a transportation  
 35 network company or a transportation network company driver, as

1 defined in section 321N.1. This certificate is transferable.

2 13. "*Private carrier*" means a person who provides  
3 transportation of property or passengers by motor vehicle,  
4 is not a for-hire motor carrier or a transportation network  
5 company or a transportation network company driver, as defined  
6 in section 321N.1, or who transports commodities of which the  
7 person is the owner, lessee, or bailee and the transportation  
8 is a furtherance of the person's primary business or  
9 occupation.

10 Sec. 7. Section 325A.11, Code 2016, is amended to read as  
11 follows:

12 **325A.11 Passenger transportation.**

13 In addition to the requirements of subchapter 1, motor  
14 carriers of passengers and charter carriers shall comply with  
15 the requirements of this subchapter. A transportation network  
16 company or a transportation network company driver, as defined  
17 in section 321N.1, need not comply with the requirements of  
18 subchapter 1 or this subchapter.

19 Sec. 8. Section 325A.12, subsection 3, Code 2016, is amended  
20 by adding the following new paragraph:

21 NEW PARAGRAPH. e. A transportation network company or a  
22 transportation network company driver, as defined in section  
23 321N.1.

24 Sec. 9. Section 327D.1, Code 2016, is amended to read as  
25 follows:

26 **327D.1 Applicability of chapter.**

27 This chapter applies to intrastate transportation by  
28 for-hire common carriers of persons and property. However,  
29 this chapter does not apply to regular route motor carriers  
30 of passengers or charter carriers, as defined under  
31 section 325A.12, or a transportation network company or a  
32 transportation network company driver, as defined in section  
33 321N.1.

34 Sec. 10. APPLICABILITY OF INSURANCE PROVISIONS. The  
35 section of this Act enacting section 321N.3 shall apply on and

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1 after the date of approval of the form filings necessary to  
2 implement section 321N.3 by the commissioner of insurance as  
3 required under 191 IAC 20.4.